

HONORABLE JAMES L. ROBART

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MICROSOFT CORPORATION,

Plaintiff,

v.

MOTOROLA, INC., et al.,

Defendants.

No. C10-1823-JLR

MICROSOFT'S ANSWER TO
MOTOROLA MOBILITY AND
GENERAL INSTRUMENT'S
COUNTERCLAIMS FILED IN THE
PREVIOUSLY CAPTIONED 2:11-cv-
00343-JLR ACTION

MOTOROLA MOBILITY, INC., et al.,

Plaintiffs,

v.

MICROSOFT CORPORATION,

Defendant.

Microsoft Corporation ("Microsoft"), by and through its undersigned counsel, for its
Answer to the Counterclaims asserted by Motorola Mobility, Inc. and General Instrument
Corporation (together, "Motorola") (Dkt. No. 67), states as follows:

PARTIES

1. Microsoft admits the allegations of Paragraph 1.

MICROSOFT'S ANSWER TO MOTOROLA
MOBILITY AND GENERAL INSTRUMENT'S
COUNTERCLAIMS FILED IN THE PREVIOUSLY
CAPTIONED 2:11-CV-00343-JLR ACTION - 1

No. C10-1823-JLR

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2. Microsoft admits the allegations of Paragraph 2.

3. Microsoft admits the allegations of Paragraph 3.

4. Microsoft admits the allegations of Paragraph 4.

5. The allegations of Paragraph 5 assert a legal conclusion to which no response is required.

6. The allegations of Paragraph 6 assert a legal conclusion to which no response is required. To the extent a response is deemed to be required, Microsoft denies that Motorola's claims are meritorious, that Motorola has been damaged, that Motorola is entitled to the relief it seeks, and that the Court has jurisdiction over Motorola's Third and Fourth Counterclaims under the laws of the United States concerning actions relating to patents, 28 U.S.C. §1338(a) and 28 U.S.C. § 1331.

7. Microsoft admits that this court has personal jurisdiction over the parties. Microsoft denies any remaining allegations of Paragraph 7.

8. Microsoft admits that venue is proper in this Judicial District. Microsoft denies any remaining allegations of Paragraph 8.

FIRST COUNTERCLAIM

(Declaration of Non-Infringement and Invalidity of U.S. Patent No. 6,339,780)

9. Microsoft incorporates by reference its response to Paragraphs 1-8 as if set forth herein.

10. Microsoft admits that it has asserted a claim against Motorola for infringement of the '780 patent.

11. Paragraph 11, which consists of Motorola's denial of Microsoft's infringement allegations, requires no response.

12. Microsoft denies the allegations of Paragraph 12.

1 13. Microsoft admits that Motorola disputes its infringement of, and the validity and
2 enforceability of, the '780 patent. Microsoft denies Motorola's allegations relating to its non-
3 infringement of, and the validity and enforceability of, the '780 patent, and denies any other
4 allegations of Paragraph 13.

5 14. Microsoft denies the allegations of Paragraph 14.

6 **SECOND COUNTERCLAIM**

7 (Declaration of Non-Infringement and Invalidity of U.S. Patent No. 7,411,582)

8 15. Microsoft incorporates by reference its response to Paragraphs 1-8 as if set forth
9 herein.

10 16. Microsoft admits that it has asserted a claim against Motorola for infringement
11 of the '582 patent.

12 17. Paragraph 17, which consists of Motorola's denial of Microsoft's infringement
13 allegations, requires no response.

14 18. Microsoft denies the allegations of Paragraph 18.

15 19. Microsoft admits that Motorola disputes its infringement of, and the validity and
16 enforceability of, the '582 patent. Microsoft denies Motorola's allegations relating to its non-
17 infringement of, and the validity and enforceability of, the '582 patent, and denies any other
18 allegations of Paragraph 19.

19 20. Microsoft denies the allegations of Paragraph 20.

20 **THIRD COUNTERCLAIM**

21 (Declaratory Judgment that Motorola Has Not Breached Any RAND Obligations)

22 21. Microsoft incorporates by reference its response to Paragraphs 1-8 as if set forth
23 herein.

24 22. Microsoft admits the allegations of Paragraph 22.

25 23. Microsoft admits the allegations of Paragraph 23.

 24. Microsoft admits the allegations of Paragraph 24.

1 25. Microsoft admits that technologies used to allow a consumer electronics device
2 to interoperate with other devices that are widely accepted by industry members are often
3 described in standards adopted by a recognized SDO and denies the remaining allegations of
4 Paragraph 25.

5 26. Microsoft admits that SDOs generally have adopted rules, policies, and
6 procedures addressing the disclosure and licensing of patents in relation to the practice of the
7 standards under consideration, and that these rules, policies and procedures are generally set
8 out in each SDO's intellectual property rights policy (which speaks for itself) and denies the
9 remaining allegations of Paragraph 26.

10 27. Microsoft admits that a SDO's intellectual property rights policy (which will
11 speak for itself) often requests, requires, or seeks, under delineated circumstances, a
12 commitment from its members or those participating in the specific standardization activity to
13 agree to make a license to essential patents or essential patent claims available on RAND terms
14 and conditions, admits that the RAND rate appropriate for a given patent will depend on a
15 number of considerations and denies the remaining allegations of Paragraph 27.

16 28. Microsoft admits that the external materials referenced in Paragraph 28 speak
17 for themselves, and denies the remaining allegations of Paragraph 28.

18 29. Microsoft denies the allegations of Paragraph 29.

19 30. Microsoft admits the allegations of Paragraph 30.

20 31. Microsoft admits the allegations of Paragraph 31.

21 32. Microsoft admits the allegations of Paragraph 32.

22 33. Microsoft admits that certain IEEE members are engaged in research and
23 development of wireless technologies, and may own intellectual property rights relating to
24 elements of such technologies, and that, in adopting a specific standard, IEEE takes into
25 account that parts of the standards may be covered by such intellectual property rights and has

1 policies and procedures relating to disclosure and licensing of such intellectual property rights.
2 Microsoft denies the remaining allegations of Paragraph 33.

3 34. Microsoft admits that IEEE has adopted policies and procedures relating to the
4 adoption of IEEE standards that take into account intellectual property rights associated with
5 the technology relevant to said standards and relating to the licensing of such intellectual
6 property rights. Microsoft denies any remaining allegations of Paragraph 34.

7 35. Microsoft admits that participants in the standardization process often submit
8 Letters of Assurance that identify a participant's licensing position. Microsoft denies any
9 remaining allegations of Paragraph 35.

10 36. Microsoft admits the allegations of Paragraph 36.

11 37. Microsoft admits that Clause 6 of the IEEE-SA Standards Board Bylaws relates
12 to the disclosure and licensing of essential patent claims, that Clause 6 speaks for itself, and
13 denies any remaining allegations of Paragraph 37.

14 38. Microsoft admits that the IEEE Standards Board Bylaws speak for themselves,
15 and that Motorola has quoted a portion of a version of the IEEE bylaws, denies that the quoted
16 section is complete, and denies the remaining allegations of Paragraph 38.

17 39. Microsoft admits that a party asserting that it holds essential patent claims can
18 submit a Letter of Assurance to the IEEE, that the content of the Letter of Assurance
19 referenced in Paragraph 39 speaks for itself, and denies any remaining allegations of Paragraph
20 39.

21 40. Microsoft admits that the content of the Letter of Assurance referenced in
22 Paragraph 40 speaks for itself, admits that Motorola purports to quote a portion of a version of
23 the IEEE Bylaws, denies that the quoted section is complete, and denies any remaining
24 allegations of Paragraph 40.
25

1 41. Microsoft admits that the Bylaws and other external materials referenced in
2 Paragraph 41 speak for themselves, admits that Motorola purports to quote a portion of a
3 version of the Bylaws, denies that the quoted section is complete, and denies any remaining
4 allegations of Paragraph 41.

5 42. Microsoft admits that the IEEE-SA Operations Manual speaks for itself, admits
6 that Motorola purports to quote a portion of a version of the Operations Manual, denies that the
7 quoted language is complete, and denies any remaining allegations of Paragraph 42.

8 43. Microsoft admits that the IEEE-SA Operations Manual speaks for itself, and
9 denies the remaining allegations of Paragraph 43.

10 44. Microsoft admits that Motorola has submitted Letters of Assurance pursuant to
11 which it committed to grant licenses to its patents that it asserts are essential to implementing
12 the 802.11 standard on RAND terms and conditions. Microsoft denies any remaining
13 allegations of Paragraph 44.

14 45. Microsoft admits the allegations of Paragraph 45.

15 46. Microsoft admits the allegations of Paragraph 46.

16 47. Microsoft admits the allegations of Paragraph 47.

17 48. Microsoft admits that ISO and IEC are described on their respective websites as
18 set forth in Paragraph 48, but Microsoft does not have knowledge or information sufficient to
19 form a belief as to the truth of the allegations, and therefore denies them.

20 49. Microsoft admits that ITU, ISO, and IEC have cooperated with respect to the
21 development and publishing of certain standards, and denies any remaining allegations of
22 Paragraph 49.

23 50. Microsoft admits the allegations of Paragraph 50.

24 51. Microsoft admits the allegations of Paragraph 51.

1 52. Microsoft admits that certain ITU-T members may be engaged in research and
2 development of wireless technologies, and may own intellectual property rights relating to
3 different elements of such technologies, and that in adopting a specific standard, ITU-T takes
4 into account that parts of the standard may be covered by such intellectual property rights and
5 has policies and procedures relating to licensing of such intellectual property rights, and denies
6 the remaining allegations of Paragraph 52.

7 53. Microsoft admits that ITU-T has adopted policies and procedures relating to the
8 adoption of ITU-T standards, the incorporation of intellectual property rights into said
9 standards, and licensing of intellectual property rights. Microsoft denies any remaining
10 allegations of Paragraph 53.

11 54. Microsoft admits that participants in the standardization process often submit
12 Patent Statement and Licensing Declaration Forms, and/or General Patent and Licensing
13 Declaration Forms that identify a participant's licensing position. Microsoft denies any
14 remaining allegations of Paragraph 54.

15 55. Microsoft admits that the ITU, ISO, and IEC publish the "Common Patent
16 Policy for ITU-T/ITU-R/ISO/IEC," that the Common Patent Policy speaks for itself, that
17 Motorola purports to quote a portion of a version of the Common Patent Policy, denies that the
18 quoted language is complete, and denies the remaining allegations of Paragraph 55.

19 56. Microsoft admits that the Common Patent Policy speaks for itself, and denies
20 the remaining allegations of Paragraph 56.

21 57. Microsoft admits that the referenced form speaks for itself, and denies the
22 remaining allegations of Paragraph 57.

23 58. Microsoft admits that Motorola and its predecessors have submitted Patent
24 Statements and Declaration Forms in relation to ITU-T Rec. H.264. Microsoft is without
25

1 knowledge or information sufficient to form a belief as to the truth of the allegations of the last
2 sentence of Paragraph 58 and therefore denies the same.

3 59. Microsoft admits the allegations of Paragraph 59.

4 60. Microsoft denies the allegations of the first sentence of Paragraph 60, admits the
5 allegations of the second sentence, denies the allegations of the third sentence, admits that the
6 Xbox 360 Wireless Adapter supports the a, b, and g amendments to the IEEE 802.11
7 specification and is designed to function with certain versions of the Xbox 360, and denies any
8 remaining allegations of Paragraph 60.

9 61. Microsoft admits that it announced the Xbox 360 Wireless N Adapter in the
10 United States in November 2009, retailing for \$99.99, admits that the Xbox 360 Wireless N
11 Adapter supports the a, b, g, and n amendments to the IEEE 802.11 specification and is
12 designed to function with certain versions of the Xbox 360, admits that at one time the Xbox
13 360 Arcade console retailed at \$199, and denies any remaining allegations of Paragraph 61.

14 62. Microsoft admits the allegations of the first and second sentence of Paragraph
15 62, denies Motorola's characterization of the facts of the third sentence, admits that the Xbox
16 360 4GB Console product page speaks for itself, that certain versions of the Xbox 360 console
17 have, at certain times, retailed for \$199.99, and denies any remaining allegations of Paragraph
18 62.

19 63. Microsoft denies the allegations of Paragraph 63.

20 64. Microsoft admits that it sells products and licenses software that include
21 encoders and decoders that support the H.264 standard, and denies the remaining allegations of
22 Paragraph 64.

23 65. Microsoft admits that the referenced materials speak for themselves, denies that
24 the language Motorola quotes from the materials is complete, states that the first sentence
25

1 contains an opinion to which no response is necessary, and denies the remaining allegations of
2 Paragraph 65.

3 66. Microsoft admits that its Amended and Supplemental Complaint speaks for
4 itself, that Motorola has failed to offer Microsoft a license to Motorola's allegedly essential
5 patents on RAND terms and conditions, and denies the remainder of the allegations of
6 Paragraph 66.

7 67. Microsoft denies the allegations of Paragraph 67.

8 68. Microsoft admits that it received a demand letter from Motorola dated October
9 21, 2010, the content of which speaks for itself, denies that the terms and conditions stated in
10 Motorola's demand letter were RAND, and denies the remaining allegations of Paragraph 68.

11 69. Microsoft admits that it filed a complaint against Motorola on November 9,
12 2010, and denies the remaining allegations of Paragraph 69.

13 70. Microsoft denies the allegations of Paragraph 70.

14 71. Microsoft admits that its Amended and Supplemental Complaint speaks for
15 itself, that Motorola has failed to offer Microsoft a license to Motorola's allegedly essential
16 patents on RAND terms and conditions, and denies the remainder of the allegations of
17 Paragraph 71.

18 72. Microsoft denies the allegations of Paragraph 72.

19 73. Microsoft admits that it received a demand letter from Motorola dated October
20 29, 2010, the content of which speaks for itself, denies that the terms and conditions stated in
21 Motorola's demand letter were RAND, and denies the remaining allegations of Paragraph 73.

22 74. Microsoft admits that it filed a complaint against Motorola on November 9,
23 2010, and denies the remaining allegations of Paragraph 74.

24 75. Microsoft denies the allegations of Paragraph 75.
25

76. Microsoft admits that Motorola filed actions in the Western District of Wisconsin and the ITC bearing the referenced case numbers, denies that any of said actions are meritorious, and denies the remaining allegations of Paragraph 76.

77. Microsoft admits that Motorola has submitted Letters of Assurance to the IEEE relating to the IEEE 802.11 standard and Patent Statement and Licensing Declaration forms to the ITU relating to the H.264 standard, and denies any remaining allegations of Paragraph 77.

78. Microsoft denies the allegations of Paragraph 78.

79. Microsoft denies the allegations of Paragraph 79.

80. Paragraph 80 describes the relief sought by Motorola and does not consist of allegations of fact. No response thereto is required from Microsoft. To the extent a response is required, Microsoft denies that Motorola is entitled to the declaration or any of the other relief it seeks, and denies any remaining allegations of Paragraph 80.

81. Paragraph 81 describes the relief sought by Motorola and does not consist of allegations of fact. No response thereto is required from Microsoft. To the extent a response is required, Microsoft denies that Motorola is entitled to the declaration or any of the other relief it seeks, and denies any remaining allegations of Paragraph 81.

FOURTH COUNTERCLAIM

(Declaratory Judgment That Microsoft Has Repudiated and/or
Rejected the Benefits of Motorola's RAND Statements)

82. Microsoft incorporates by reference its response to Paragraphs 1-8 and 22-76 as though set forth herein.

83. Microsoft denies the allegations of Paragraph 83.

84. Microsoft denies the allegations of Paragraph 84.

85. Microsoft denies the allegations of Paragraph 85, including the allegations of subparagraphs 85(a)-85(f).

86. Microsoft denies the allegations of Paragraph 86.

1 87. Microsoft denies the allegations of Paragraph 87.

2 88. Paragraph 88 describes the relief sought by Motorola and does not consist of
3 allegations of fact. No response thereto is required from Microsoft. To the extent a response is
4 required, Microsoft denies that Motorola is entitled to the declaration or any of the other relief
5 it seeks, and denies any remaining allegations of Paragraph 88.

6 89. Paragraph 89 describes the relief sought by Motorola and does not consist of
7 allegations of fact. No response thereto is required from Microsoft. To the extent a response is
8 required, Microsoft denies that Motorola is entitled to the declaration or any of the other relief
9 it seeks, and denies any remaining allegations of Paragraph 89.

10 90. Paragraph 90 describes the relief sought by Motorola and does not consist of
11 allegations of fact. No response thereto is required from Microsoft. To the extent a response is
12 required, Microsoft denies that Motorola is entitled to the declaration or any of the other relief
13 it seeks, and denies any remaining allegations of Paragraph 90.

14 **PRAYER FOR RELIEF**

15 Microsoft denies that Motorola is entitled to any of the relief it requests in its Prayer for
16 Relief, or any relief whatsoever. Microsoft denies any and all allegations of Motorola's
17 Counterclaims that were not specifically admitted above.

18 **AFFIRMATIVE DEFENSES**

19 Microsoft asserts the following Affirmative Defenses against Motorola's Counterclaims
20 and reserves the right to further amend its responses as additional information becomes
21 available:

22 1. The claims of U.S. Patent No. 6,339,780 are valid, enforceable, and are
23 infringed by Motorola.

24 2. The claims of U.S. Patent No. 7,411,582 are valid, enforceable, and are
25 infringed by Motorola.

3. Motorola's Counterclaims fail to state claims upon which relief can be granted.

4. Motorola's Counterclaims are redundant and duplicative of the issues raised by Microsoft's claims and counterclaims, and by Motorola's affirmative defenses thereto.

5. Motorola's Third and Fourth Counterclaims are barred by the doctrine of waiver.

6. Motorola's Third and Fourth Counterclaims are barred by the doctrine of estoppel.

7. Motorola's Third and Fourth Counterclaims fail because Motorola failed to satisfy a condition precedent.

8. Motorola's Third and Fourth Counterclaims are barred by the doctrine of unclean hands.

DATED this 9th day of March, 2012.

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CERTIFICATE OF SERVICE

I hereby certify that on March 9, 2012, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the following:

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